

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: MARCH 6, 2017

Time: 6:30PM

Place: Gallatin Gateway School, 100 Mill St., Gallatin Gateway, MT

For: Regular Meeting of the Board of Directors

AGENDA

I.Public Participation on Non-Agenda Items¹

II.Conflict of Interest Disclosure²

III.Approval of Minutes

- A. Approval of Meeting Minutes for February 6, 2017

IV.Consent Agenda

- A. None

V.Reports of Officers, Standing Committees, and Special Committees

- A. General Manager Report, Treasurer Report, Approval of Expenditures
- B. Report of Engineer
 - i. Technical Status
 - ii. RUS Reports, Administration and Draw Requests
 - iii. TSEP Reports, Administration and Draw Requests
 - iv. CDBG Reports, Administration and Draw Requests
 - v. DNRC Reports, Administration and Draw Requests
 - vi. SEARCH Reports, Administration and Draw Requests
 - vii. USACE 595 Reports, Administration and Draw Requests

VI. Regular Business

- A. Discussion and Decision on Petition by John and Kerri Payne to Decrease VRU Count Established by General Manager and Request for Waiver of Certain Rules Related to Wastewater Connections
- B. Approval of Updated Wastewater Project Budget
- C. Discussion and Decision on Resolution Authorizing Previously-Approved Bonds to Finance Wastewater Project
- D. Discussion and Decision on Amending the District's Annual Budget to Authorize Payment for Administrative Support Services
- E. Discussion and Decision on Seasonal Service Policy
- F. Discussion and Decision on Stub Policy for Initial Project

VII.Adjourn

¹ The opportunity for members of the public to comment on District matters which are not on the agenda. Time limits may be imposed at the discretion of the President.

² An opportunity for Board members to disclose any potential, perceived or real conflict of interest on any item on the agenda or for any District business.

Gallatin Gateway County Water & Sewer District

MINUTES OF THE

BOARD OF DIRECTORS

A regular meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District was held at the Gallatin Gateway School, 100 Mill St., Gallatin Gateway, MT, on March 6, 2017. Present at the meeting were board members Eric Amend, Ted Border, Ashley Kroon and David Sullivan. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. Kurt Thomson and Paul Herbst from Stahly Engineering were present. Public attendees included John and Kerri Payne, Gwendolyn Senvold, Pete Stein, EJ Engler.

President Border called the meeting to order at 6:30 p.m. Secretary Maralee Parsons Sullivan recorded the minutes of the meeting.

PUBLIC PARTICIPATION OF NON-AGENDA ITEMS

President Border asked for public comment on non-agenda items. There were no non-agenda items raised.

CONFLICT OF INTEREST DISCLOSURE

President Border asked if there were any items of conflict of interest, or potential conflict of interest, to be raised. None were raised.

APPROVAL OF MINUTES

After confirming that all directors had a draft copy of the February 6, 2017 meeting minutes, President Border asked whether there were any corrections. None were noted. Director Sullivan made the motion to approve the minutes as written, Director Amend seconded the motion and the minutes were approved unanimously.

REPORT OF OFFICERS, STANDING COMMITTEES, AND SPECIAL COMMITTEES

General Manager Report, Treasurer Report, Approval of Expenditures

GM Matt Donnelly provided the report. The District issued the notice of award to JR Civil in February. The contractor has signed the documents, and the review process by legal and granting agencies is in the last stages; he expects to receive the authorization to issue the notice to proceed within the next 2 days. There will be a pre-construction conference, scheduled for 2:00 PM on March 8, 2017, at Stahly's offices. The Board has already conditionally authorized President Border to sign the contract, upon concurrence of the District's attorneys and granting agencies. Mr. Donnelly noted that he continues to work on getting signed applications for service, and the response has been very good. A third mailing was sent on Feb. 23 to those who have been unresponsive, and some residents have met with Kurt Thomson to review specific hookups on their property. He also noted that Nicquo Hope, the CDBG grant administrator, has

advised that everything looks favorable for CDBG to modify the contract so that the LMI assistance can be paid directly to homeowners, rather than rolled into payment of construction.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2016: Expenses for February included \$105 for advertising of public hearings; \$297 in legal; \$64 for PO box annual renewal; \$73 office supplies, and there was no engineering invoice. She noted that the District has received an invoice from Montana DEQ, for the annual fee for its discharge permit, \$975 due March 31, which needs approval.

Director Sullivan made a motion to approve the \$975 DEQ invoice; Director Kroon seconded the motion, and it passed 4-0.

Ms. Sullivan advised that grant administrator Teresa Doig has asked that the Board pre-approve the most recent outstanding Stahly invoices, so she can request funds from RD or the 595 grant once the money becomes available. RD has requested that all engineering invoices be paid before the first contractor pay request comes in. Ms. Sullivan provided a summary of outstanding Stahly invoices.

Director Sullivan made a motion to approve Stahly outstanding invoices; Director Amend seconded the motion, and it carried 4-0.

Ms. Sullivan also noted that preliminary research into cell phone plans indicates the District may need to pay more than the \$50 per month service charge which the Board approved in February, and requested that the Board increase the approved service charge amount to \$75 per month. She indicated she would continue to research and obtain the best rate. *Director Amend made a motion to approve a service charge of up to \$75 per month for the District's phone; director Kroon seconded the motion, and it carried 4-0.*

Report of Engineer & Draw Requests

Kurt Thomson provided the engineer's report. He has been working on the construction contract, incorporating the comments received from the attorney and RD. In addition to the pre-construction meeting on Wednesday, there will also be a meeting with MDT to review traffic control, etc. He introduced Paul Herbst, whom Stahly has recommended fill the role of Resident Project Representative (RPR). He discussed the construction schedule at a high level, noting the schedule will be reviewed in detail at the pre-construction meeting on Wednesday. There will be a staging area near the inn. The contractor will have 2 crews starting in 2 locations, one at the lift station in town and the other crew at the treatment plant. The contract states that the contractor has 7 months to complete the work. They will complete all of the mains and test them, before starting any service connections in town. There will be weekly meetings on site and Kurt will provide weekly updates, which can be communicated to residents. There was some general discussion in response to questions from public attendees on the schedule and technical aspects of the system and back-up plans. It was noted that the health department is requiring that all septic tanks being replaced be rendered useless.

There were no draw requests.

REGULAR BUSINESS

Discussion and Decision on Petition by John & Kerri Payne to Decrease VRU Count Established by General Manager and Request for Waiver of Certain Rules Related to Wastewater Connections

GM Donnelly presented the background and staff recommendation. The original project plans show a connection to a mobile home and garage with studio apartment on the property under review. The Petitioner has advised the District that the mobile home will be removed from the property prior to the finalization of construction activity, and Petitioner requests that the mobile home be excluded from the project. Petitioner, in separate discussions with staff and President Border, has also indicated a desire to keep this property on a separate connection from adjacent properties to minimize future conflicts in the event the subject property is ever sold. Also in separate discussions, petitioner has met with the District's engineer and President Border to discuss service line routing for the subject property, and for two other properties owned by Petitioner. Petitioner will ultimately be applying for three connections to the District's mainline.

With the mobile home gone, Petitioner is left with a garage incorporating a studio apartment. Appendix B of the District's rules assigns 0.61 VRU for a one bedroom or studio apartment. Footnote 1 of Appendix B of the rules states, "No less than 1.0 VRU unit will be assigned any building that has a separate service line and/or that is to be billed individually for sewer service." Without a waiver of this rule staff is not able to assign this property less than 1 VRU.

Staff believes this petition has merit and recommends that the Board approve Petitioner's request and authorize the GM to assign less than 1 VRU to this property. Staff believes this recommendation is justified due to the unique circumstances of this property:

- The property is considered to be part of the original project. The project design documents show a connection and service line.
- It was unanticipated during the design phase that Petitioner's mobile home would not be present on the property at construction time. Petitioner's septic system will be demolished as part of the project. Though the mobile home will be gone, the studio apartment would be rendered useless and may present a health hazard if it is not connected to the public system.
- Petitioner's desire to keep the service line for this property separate from other buildings is consistent with the District's desire to avoid service lines crossing property boundaries. Petitioner's goals in this regard are consistent with District goals.
- This situation is not likely to occur in the future. Future applicants will not be faced with a situation in which a functional dwelling would be rendered inoperable.

For the reasons itemized above, staff believes that this situation is unique and

not likely to be repeated with other properties; therefore a waiver of the rules is appropriate due to the unique circumstances, and that a rules change is not warranted. The Board asked some clarifying questions of the property owners on the specifics of the property. There was no further public comment. *Director Kroon made a motion to approve the waiver request as presented; Director Sullivan seconded the motion, and it carried 4-0.*

Approval of Updated Wastewater Project Budget

GM Donnelly reviewed the changes from the previously approved budget. The construction line item has been changed to match the exact bid amount (vs. estimate). As previously advised, RD has de-obligated grant #2, since the construction bids came in lower than the estimate. He advised that TSEP has also requested that the District move some TSEP money from construction to contingency. He noted that RD Loan #2 will be the last money used (if at all) so the community does not need to borrow any more money than is needed, saving the community money. He noted that 2 other minor line items have increased slightly: bond related costs and legal costs. There was no public comment and no Board discussion. *Director Sullivan made a motion to approve the revised budget; Director Amend seconded the motion, and it carried 4-0.*

Discussion and Decision on Resolution Authorizing Previously Approved Bonds to Finance Wastewater Project

GM Donnelly presented GGWSD Resolution 2017-04, Wastewater System Bond Anticipation Note, Series 2017-\$1,650,000 Principal Amount. In summary, the resolution is a bond anticipation note for the INTERCAP loan in the amount of \$1.65M. There was no public comment and no Board discussion. *Director Sullivan made a motion to approve Resolution 2017-04; Director Amend seconded the motion and it carried 4-0.*

Discussion and Decision on Resident Project Representative (on site inspector)

Kurt Thomson presented the qualifications of Paul Herbst (who had to leave the meeting early). He has witnessed sewer installations before, although not one the size of this project, and is familiar with Montana public works. The duties include being the full-time inspector on the project (“eyes on the ground for the District and the design engineer”), and keeps daily inspector notes. He is certified with new gage, but Mr. Thomson noted that the contractor would be using a consultant for new gage testing. GM Donnelly noted that while he understands the urgency of selecting an RPR, he has concerns that Stahly has recommended someone without the experience he would expect to see. In a side discussion, he noted that he wants all decisions made by Stahly to be documented, raising a recent example of a decision to put the force main at the same elevation as the sewer, and asked how that decision would be made and documented. Mr. Thomson replied that a change order is done if anything raises or lowers the cost. This particular change would be cost-neutral, but conceded that it would require Board approval, and stated no decision has been made.

Mr. Donnelly also noted that he and the Board are getting many phone calls now that equipment is visible in town, and stressed the importance of communicating

with him, so the information can be disseminated to the community. Mr. Thomson advised that communication with Board, GM and the community would increase as construction progresses, and they will provide weekly updates, with a 3-week outlook on the schedule.

The Board discussed the qualifications of Mr. Herbst, specific to the role of the RPR. The Board noted the importance of a good inspector to the success of a project. Mr. Thomson advised that he expects to be on the ground personally 10 hours per week. It was noted that Mr. Herbst has a baby on the way, due April 10, and he is scheduled off one week upon arrival of the baby. Director Amend noted his concerns about Mr. Herbst's youth, with a baby on the way, and his ability to stand up to highly experienced contractors. There was discussion about training and mentoring available, which might be available. Mr. Thomson noted that Clint Smith, Stahly's Lead inspector (CET) based in Helena (who bills at a higher rate) has been mentoring Mr. Herbst. Mr. Thomson will check Mr. Smith's schedule, to see if he can be on-site as much as possible. Mr. Thomson also noted that since he has been hired, Mr. Herbst has excelled in his work, and while acknowledging the project is large, he noted the project is broken into small chunks at a time. Mr. Thomson also noted that Stahly is insured, should errors be made at the fault of Stahly. When not on site, Mr. Thomson will be available by phone.

Director Sullivan made a motion to accept Paul Herbst; Director Amend seconded the motion, and it carried 4-0.

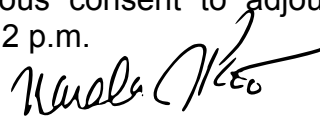
Discussion and Decision on Seasonal Service Policy

GM Donnelly noted that he does not want District staff to be placed in a position of "policing" whether or not a home is occupied, and recommends that the District adopt a policy that seasonal service will not be allowed. Staff will draft a policy for Board review at a future meeting.

Discussion and Decision on Stub Policy for Initial Project

GM Donnelly noted that he believes the District does want to allow stubs in the initial project, provided there is no cost impact. Mr. Thomson requested that if stubs are allowed, make it to the edge of right-of-way or edge of easement (property line). Staff will draft a policy for Board review at a future meeting.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 8:12 p.m.



Secretary